Purpose: This circular is intended to emphasize the requirement of effective, appropriate commentary within the Broker Price Opinion (BPO) report.

LandSafe regularly audits BPOs to ensure a quality report is delivered to our customers. The majority of the risks or problems discovered could have been avoided altogether by including more appropriate explanations within the BPO report.

**BPO Report Commentary Requirements**

Requirements for BPO report commentary:
- Description of the subject property characteristics (including condition), neighborhood, characteristics of the comparables, and sales/listing history of the subject and comparables
- Analysis of each comparable as compared to the subject property
- Analysis that reconciles all of the information in the report in support of the price opinion
- Address any unavoidable Unacceptable BPO Practices (UBPs)

**Comment Fields Within The BPO Form**

**Subject Property Analysis**  The first comment field in the BPO form is titled “Comments/Exception/Condition” and is used to report the BPO Provider’s general and/or specific observations about the subject property including the subject’s 12 month listing history, if applicable. See Examples 1 and 2 for appropriate subject property comments.

**Example#1**

```
Subject Property Analysis

Property Address:  [Redacted]  Unit #:  [Redacted]  City: [Redacted]  State: [Redacted]  Zip: [Redacted]

County:  [Redacted]  Type:  SFR  Coop  PUD  Multi Unit/# of Units  Mfg  Vacant Land  Other


Has the subject property been listed over the prior 12 months?  Yes  [X] No  Is the subject property currently listed?  Yes  [X] No

Original List Date:  na  Original List Price $  na  Current / Last List Price $  na  Total Days on the Market  na

Comments/Exception/Condition:  (based on provider’s observations)

Subject is a single level condo unit in overall average condition. The property is on the 9th level of the subject building, and features a balcony patio as well as central heating and A/C, and access to the subterranean parking for the complex. Subject conforms to the complex, although it is one of the smaller models in the complex (most are 680 sq.ft., compared to the subject’s 590 sq ft.).

Subject is located off of Ocean Blvd., a major thoroughfare in Downtown Long Beach. The property is a block away from Rainbow Lagoon Park, Victory Park, Promenade Park, and the Long Beach Arena convention center, and is 3 blocks from “The Pike” (a boardwalk-type shopping center). Subject is also approximately 1 mile from the 710 freeway, accessible via 3rd St.
```
Example #2

Subject Property Analysis

The second comment field in the BPO form is titled “Comments/Exceptions” and is used to comment on the subject’s repair estimates, if applicable, and support for the overall condition rating. The repair estimates and condition rating should always be consistent with the BPO photos.

Example #3

Repairs and Improvements Required for Marketability and/or Livability of the property:

Estimate of repairs needed for subject property:

<table>
<thead>
<tr>
<th>Exterior:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Painting</td>
<td>$  0</td>
</tr>
<tr>
<td>Structural</td>
<td>$ 500</td>
</tr>
<tr>
<td>Landscaping</td>
<td>$ 200</td>
</tr>
<tr>
<td>Roof</td>
<td>$ 3000</td>
</tr>
<tr>
<td>Windows</td>
<td>$  100</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
</tbody>
</table>

Do you recommend repairs?  ☒ Yes  ☐ No

Estimated Total Repair Costs: $ 3800

Overall Condition:  ☐ Good  ☐ Average  ☐ Fair*  ☐ Poor*

*If Fair or Poor, please comment below and provide supporting photos if available:

Comments/Exception:

There was rotten wood around the roof and fascia. The roof was tarped, but the tarp has come off. The roof needs repairs. Some of the stucco is cracking. The landscaping needs work and I noticed one broken window pane.
Neighborhood Analysis

The third comment field is titled “REO activity, housing price trends, supply and demand, average marketing time” and, in addition to these items, must include a description of the neighborhood characteristics.

Reminder: Every BPO completed for LandSafe requires the average marketing time be reported in the Neighborhood Analysis comment field.

Example #4

<table>
<thead>
<tr>
<th>Neighborhood Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location: X Urban</td>
</tr>
<tr>
<td>Similarity of Properties: X Very Similar</td>
</tr>
<tr>
<td>Built Out:</td>
</tr>
<tr>
<td>Price Range: $150,000 to $220,000</td>
</tr>
<tr>
<td>Price Trending: X Increasing</td>
</tr>
<tr>
<td>By % over last 1 YR</td>
</tr>
<tr>
<td>Comments: (REO activity, housing price trends, supply and demand, average marketing time)</td>
</tr>
</tbody>
</table>

Housing price trends are going up due to a shortage of listings on the market. Average market time in this neighborhood is 76 days. About 25% of the sales in this neighborhood during the past 6 months are REO or distressed property. The area is comprised of homes from the 1920's to 1960. This neighborhood is fairly well defined in a 0.7 x 10 block area. Homes are distinct and the area recognizable to the population. It is near the college and is made up mostly of narrow residential one way streets. Landscaping is mature. Size of homes vary from under 1000 sq ft to nearly 2000 on the main level and from bungalow style to large grand style homes. Subject property is one of the older larger homes for this neighborhood and is brick which is common of the homes built in that area in the 1920's.

There are currently 4 active listings in the neighborhood, 3 homes pending, and there have been 9 sold since 8/1/2012. Of these 16 homes, 4 were REO.

Comparable Sales & Listings

The next sections in the BPO form are titled and these comments are intended to:

“Explain how each comparable is superior/inferior or similar to the subject property and include Sales History Analysis for subject and comps”.

Example #5

| Comments: (Explain how each comparable is superior/inferior or similar to the subject property and include Sales History Analysis for subject and comps) |
| Subject Comments |
| Sales Comparable 1: |
| Sale Comparable 1 is a smaller home on a similar sized lot in the same subdivision. It has one less bedroom and one less garage space. It has no view but is within walking distance to the lake. Per MLS, this home was updated in 2006 and based on MLS comments and photos, it appears similar to the subject in condition. Listing History: Per MLS #584782 listed for $248,000 on 11-30-12 as a Short Sale. Current status is pending. Subject's last market sale was 5-5-06 for $256,000. |
| Sales Comparable 2: |
| Sale Comparable 2 is a larger home on a similar sized lot in a competing subdivision approx one mile away. It is a larger home but has the same number of bedrooms. MLS reports some recent remodeling a good view of the hills. This property is overall superior to the subject. Listing History: Per MLS, listed 8-4-12 for $255,000. Last market sale from MLS was 4-14-02 for $225,000. |
| Sales Comparable 3: |
| Sale Comparable 3 is an REO sale but included because it’s a recent sale on the subject’s street. It is a similar sized home but on a larger lot. Based on MLS photos and comments, this home has minimal views and is in inferior condition. This property is overall inferior to the subject. Listing History: Per MLS, listed 11-4-12 for $323,000. Last market sale from MLS was 2-22-08 for $261,000. |
Value Conclusions & Signature

The final comment field is titled, “Price Opinion Analysis/Conclusions”. This is the section of the BPO where you “Lead the Reader” to your Price Opinion conclusion by explaining such things as which comparables are the most relevant and why they are given most consideration. Any of the subject property’s negative or positive influences should be reconciled within this section as they relate to the sales and listings provided. It is also recommended to use this area to explain why date or distance parameters had to be expanded or why certain guidelines could not be met.

Example #6

Price Opinion Analysis / Conclusions:

In my opinion this house price would be approximately 209900 based on a drive by only. The price was arrived at by making adjustments for size, build, garage, bedrooms against the comparable sales comps. Most consideration was given to sales comp 2 as it is most similar in size, build, style and garages. Garages are very desirable in this market. This is a relatively small neighborhood and home in good condition sell well in this neighborhood. The subject has a lot of curb appeal, corner lot and the large garage. If the interior is in similar condition it would sell at this price in less time than the current average.

Example #7

Price Opinion Analysis / Conclusions:

SUBJECT IS LOCATED ON A HILLSIDE IN A RESIDENTIAL NEIGHBORHOOD OF HOMES OF VARYING SIZES AND STYLES. DUE TO LACK OF SIMILAR COMPS, IT WAS NECESSARY TO EXCEED GUIDELINES. WITHIN THE PAST 6 MONTHS, THERE HAVE ONLY BEEN 8 SINGLE FAMILY HOME SALES IN BROOKLINE WITHIN 1 MILE OF THE SUBJECT. THE MAJORITY OF THOSE ARE SIGNIFICANTLY LARGER AND MORE EXPENSIVE THAN THE SUBJECT. LOWEST PRICED SALE IS $900,000. THE OTHER 7 RANGE FROM $1,215,000 TO $3,175,000. AS A RESULT, IT WAS NECESSARY TO INCREASE SEARCH RADIUS. IN ADDITION, INVENTORY HAS STEADILY DECREASED OVER THE PAST YEAR RESULTING IN FEWER SALES IN RECENT MONTHS. AS A RESULT, IT WAS NECESSARY TO INCLUDE SALES THAT OCCURRED OVER 90 DAYS AGO. THE CHOSEN COMPARABLES ARE THE MOST SIMILAR AND PROXIMATE AVAILABLE.

Best Practices Tip:

“Canned” comments are typically those comments copied from a BPO report completed for a different property. While the comments may seem appropriate, they are usually too generic or offer little insight to the subject of the current BPO. The BPO Provider is not only considered the expert in his/her market area but the customers rely upon them to provide accurate, factual and descriptive information.

Canned comments should ALWAYS be avoided.
FAIR HOUSING REMINDER

A BPO Provider must not use subjective phrases or comments in the BPO Report, particularly when describing and/or comparing neighborhoods. Examples of unacceptable terminology include but are not limited to, “pride of ownership, lack of pride of ownership, poor/good neighborhood, crime-ridden area, desirable/undesirable neighborhood or location, etc.” Other subjective terminology that could result in erroneous conclusions are also unacceptable. Comments should be restricted to factual and documented information such as MLS or local newspaper articles (e.g., area foreclosure rate is currently at 20% of total available housing inventory, subject school district test scores placed in top 30 percentile of subject county schools, property values increased 3% from 1/13 to 3/13, etc.).

Questions

Should you need additional clarification or have questions, please contact the BPO Fulfillment team at bpoclientservices@bankofamerica.com.